

**TESTIMONY OF Janis Davis, Sheltering Arms , VP of Eldercare Services**

***IN SUPPORT OF SB323- AN ACT CONCERNING CAPITAL EXPENDITURES AT  
RESIDENTIAL CARE HOMES.***

**&**

***CONCERNING HB5441- AN ACT CONCERNING DIRECT PAYMENT OF  
RESIDENTIAL CARE FACILITIES.***

**Human Services Committee Public Hearing, March 6, 2014**

Senator Slossberg, Representative Abercrombie and members of the Human Services Committee, my name is Janis Davis. I am a member of the CT Association of Residential Care Home (CARCH) and VP of Eldercare Services at UCFS/Sheltering Arms located in Norwich. I am here to testify in favor of **SB323- An Act Concerning Capital Expenditures at Residential Care Facilities** and offer testimony concerning **House Bill 5441- An Act Concerning Direct Payment Of Residential Care Facilities.**

#### **Support of SB323- Capital Expenditures at Residential Care Homes**

The Connecticut Association of Residential Care Homes (CARCH) supports Senate Bill 323 which would allow homes to receive reimbursement adjustments for capital expenditures, such as roof replacements and heating/air conditioning upgrades, over five or fewer years. We strongly believe that adoption of the minor reimbursement change proposed under this bill will greatly assist many homes that provide needed and cost-effective services to elderly and disabled individuals. The support services provided by Residential Care Homes (RCHs) often helps avoid the need for costly medical services including hospital inpatient and outpatient utilization.

Currently, the RCH rate-setting method depreciates the cost of each asset based upon its estimated useful life as published in the American Hospital Association Guide for Estimated Useful Lives. The established useful life of many assets exceeds ten years.

While SB 323 would be of great assistance to many homes, CARCH expects that adoption of SB 323 has the potential for state savings over the long term.

With the adoption of SB 323 the state can save rate of return (ROR) and interest expense allowance costs related to RCH assets under \$10,000 with lives of six or more years that would now be limited to five year allowance periods. For example, under the state's capital reimbursement system (fair rental allowance), a \$9,000 capital cost having a ten year useful life with a 3% ROR results in a rate-setting allowance of \$1,055 per year for a total of \$10,550 over ten years. If the \$9,000 capital cost is reimbursed over five years with a 3% ROR, the total allowance over the shorter period is \$9,825 (\$1,965/year) resulting in a state savings of \$725.

CARCH requests your support for this bill and would add that SB 323 would complement a recently adopted IRS regulation that allows small businesses with

buildings having an unadjusted basis of under \$1.0 million to expense capital repair and maintenance costs of up to \$10,000 in certain circumstances.

**Concerning HB5441- Direct Payment of Residential Care Facilities**

The Connecticut Association of Residential Care Homes (CARCH) supports legislation that would enable the Department of Social Services (DSS) to make direct payments, under the Aid to the Aged, Blind and Disabled (AABD) / State Supplement program to the residential care home (RCH).

Presently, AABD payments for RCH services are issued to recipients and homes regularly experience instances, particularly in the first month of stay, when residents do not apply their benefits to the cost of care. The proposed change by DSS assures that state funds are directed as intended under the AABD program. It is unfair for RCH operators to provide services without payment. We have experienced situations where the resident has received, cashed and spent the check and not provided the funds to us for payment. In another situation the resident has moved and the check for prior months payment was forwarded to the resident's new address due to post office forwarding or change of address in the DSS system because of receipt of DSS Admission and Discharge Form # W-265. The check, which was for several months was in excess of \$7,000 and was cashed by the resident and their family member, without any funds being paid to our home.

Your support of these bills would be greatly appreciated.

Respectfully,

A handwritten signature in cursive script, appearing to read "Janis Davis".

Janis Davis